

SOUTH VIETNAM

- I. Uneasy truce reigns in Saigon, following government's repulse of armed attacks by elements of Binh Xuyen gangster society.
- A. After midnight 29 March, lobbed mortar shells on premier's palace and attacked *^* *Saigon* police headquarters; attack broken up by army's 37mm cannon fire.
- B. Light casualties on both sides; actual fighting lasted about four hours.
- II. Binh Xuyen, greatly outnumbered, will probably seek to bolster shaky "United Front" of sects before taking further action.
- A. Government has at least seventeen battalions (some 13,000 troops) in Saigon and environs; morale reported high.
- B. Binh Xuyen has about 3,000 (of total 4,500) in Saigon area.
- What How*  
C. Hoa Hao forces mainly in western Cochinchina, not in position to support Binh

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D. Diem claims to have just won over two major sect generals--one Cao Dai, one Hoa Hao--whose armed followings number more than 10,000.

III. As usual, most disturbing factor in developing situation is Bao Dai.

- A. His reaction to restoration of police to government authority unknown but undoubtedly adverse.
- B. So long as Binh Xuyen held police, Bao Dai was confident that Diem would not become too strong to handle.
- C. Bao Dai will be strongly tempted to take action designed to curb premier's power.
- D. May get help from officials of the French Secretariat for Associated States in Paris, who are shaping up their own proposal for revision of Vietnamese executive office.
  - 1. Scheme would involve almost total eclipse of Diem by his enemies.